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SECRET

Control: 14857
Rec'd: June 30, 1954
5:10 a.m.

FROM: Guatemala City

TO: Secretary of State

NO: 1146, June 29, 7 p.m.

PRIORITY

Following Assistant Secretary Holland's telephone call last night suggesting possibility of holding negotiations in San Salvador between Guatemalan Government Junta and Castillo Armas, I immediately tried to get in touch with Colonel Diaz but was unable to until about [illegible] a.m., today when I met him at office of Chief of Armed Forces.

Diaz immediately agreed to meeting in Salvador but desired consult his colleagues. Sanchez finally arrived and consented but Monzon could not (repeat not) be located. During interval, I visited Colonel Funes, Salvadoran Ambassador, and secured his agreement.

Returning to Diaz' office at 4 a.m., I found Monzon had not (repeat not) yet appeared. Just as I was about to leave, Diaz received telephone call from Palace and he and Sanchez left to confer with several officers. While they were out, Colonel Martin, our Air Attache, arrived and informed me plot was afoot to assassinate Diaz and Sanchez and urged me to leave building at once. I spent a difficult moment wondering if I would be caught in crossfire, but finally decided remain.

Shortly thereafter Diaz returned and wearily informed me that things had changed: He and Sanchez had decided resign from Junta since it appeared they were unacceptable to Castillo Armas; they would however, collaborate with new government.

It was then arranged for Colonel Monzon to meet me in Diaz' office and he appeared shortly with new Junta members, Jose Luis Cruz and Mauricio DuBois. He was drained by fatigue and seemed at first unable comprehend points of Holland's plan, but after Diaz and Sanchez had helped explain it to him, he agreed eagerly and asked that meeting be held on Wednesday, which was as soon as he could get away. He courteously detailed officer to accompany me to wireless telephone office, where I called Holland, and then to my home.

PEURIFOY

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